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## A 'Slow Grind' Ahead For Global Economy

Experts See Tame 2.5% Growth Rate Even in America ('Good as It Gets')

By Erik Ipsen:

International Herald Tribune  
LONDON — When will this grinding recession end? And how? As encouraging evidence of an American economic recovery grows in almost daily, much of the rest of the industrial world looks impatiently for hopeful signs on home soil.

But there, the news is not so bright. For the Continent and for Japan, the grimness will endure a considerable while longer, with no recovery clearly under way before year's end or early 1995, economists and analysts say.

"I'd describe the outlook for Western Europe in just three letters, Y-U-K," said David Roche, chief strategist for Morgan Stanley International in London.

That, at least, is better than most economists' assessments of the state of the Japanese economy, which is widely referred to as "terrible." There, the sudden implosion of the financial bubble and the faltering response of the government to the crisis continues to rattle the corporate sector.

"I think it will be a slow, slow grind out of the global recession," said Ian Anstey, an economist with Bankers Trust in London.

Four years after the fall of the Berlin Wall and the ultimate triumph of capitalism, the victors and their vaunted system find themselves in a creeping crisis. Long accustomed to economic cycles in which the ebb tides of recession are more than reversed by strong surges of recovery, the industrialized world is seeing something new: the rising tide that fails to lift all ships.

"Growth in the '90s will be consistently and systematically below trend," predicted David Kern, chief economist for National Westminster Bank in London. "The only sustainable."

Stripped by years of fiscal excess and by the resulting mountains of government debt of the common means to revitalize their economies — deficit spending, the rich countries find themselves bereft of economic elixirs.

The results is that the envy of the industrial world — the United States and Britain, the two best performing economies — are two economies whose growth rates stand at bare-bones 2 percent. History suggests the norm for the early stages of an economic recovery.

In the United States, however, optimism has mounted in recent days. On the back of such bullish news as a surge in manufacturing activity to its highest level in nearly a year, some experts now say that the economy

is growth may have spurned ahead to as much as a 5 percent pace in the final quarter.

But they quickly add that such rates are not sustainable, pointing to such warning signs as growth in consumer spending now far outstripping income growth. Most analysts say they believe that the economy will lop along at the same lackluster 2.5 percent per annum expansion rate it has averaged

*Scores of business people, economists and analysts around the world were asked when the world's industrial economies could expect to return to competitiveness and real growth, and what must be done to get there. In a weekly series of articles beginning with two in today's editions, the correspondents of the International Herald Tribune report and analyze the answers.*

ever since the recovery began in America in the spring of 1991.

"This is as good as it gets in the U.S."

said Nigel Gault, chief economist with DRI/McGraw Hill in London. In Britain, meanwhile, in the wake of a recession far worse than that in America and in spite of rising hope of a strong rebound from it, most forecasts show the economy expanding at the same tame, 2.5 percent rate this year.

Although most economists see both Europe and Japan joining North America and Britain on the growth path in 1995, few if any predict the normal sort of surge that sends unemployment plummeting and incomes notching up once again.

Unable to paper over the economic cracks with a strong swipe of Keynesian spending and unwilling to do the job with loose monetary policies out of a fear of rekindling inflation, governments are increasingly edging toward more radical but slower acting solutions.

"The tools that remain are not much," said Peter Pietsch, senior vice president at Commerzbank in Frankfurt. "It is wage restraint and deregulation and things like that."

The problem with those solutions is two-fold. They take years to achieve their desired effects, and they hurt. Take the current favorites among business people and private economists alike: deregulation and enhanced labor market flexibility. Most of the experts concede that these remedies are only

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Mr. Clinton speaking Wednesday at the U.S. ambassador's residence in Prague with the presidents of the Visegrad Group of nations, from left: Michal Kovak of Slovakia, Lech Walesa of Poland, Vaclav Havel of the Czech Republic and Arpad Goncz of Hungary.

## White House Calls for a Special Counsel Reversal Comes After Cloud Grows Over Clintons' Finances

By Paul F. Horvitz

International Herald Tribune

WASHINGTON — An embarrassed and frustrated White House decided Wednesday to reverse itself and ask for an independent investigation of the Clinton family finances and the president's former ties with a failed savings and loan in Arkansas.

As President Bill Clinton went to Kiev, Ukraine's capital, and then on to his summit meeting in Moscow, senior aides were preparing an official statement on the issue to be issued later in the day, a White House official said.

At the same time, Senator Bob Dole of Kansas, the minority leader, called for a special bipartisan congressional investigation of the savings and loan and the Clintons' ties to it.

The select committee he envisions is the same type that recently studied the Bank of Credit &

Commerce International and that 20 years ago held hearings leading to the resignation of President Richard Nixon after a White House cover-up of a political burglary at the Watergate complex.

The Associated Press and Reuters quoted government sources as saying that the White House statement would call for the appointment of an independent counsel, a step Mr. Clinton has long resisted.

Aides apparently concluded that their weeks of denial in the face of relentless political criticism and news media investigations had failed to subdue public discussion of the president's veracity.

In recent days, leading members of Mr. Clinton's Democratic Party said they believed that he should turn over all his personal files related to a disputed real estate venture in Arkansas and seek an inquiry independent of Justice

Department officials who are now conducting their own review.

This decision by important members of the president's own party appeared to be the final straw and once again displayed the tenuous quality of Mr. Clinton's political stature in Congress.

For weeks, Republicans had called for an independent investigation of relationship of the president and his wife, Hillary, to the failed savings and loan and its former owner, James B. McDougal, a Clinton ally who helped finance his campaign for governor of Arkansas and who brought the Clintons into the real estate venture, a development called Whitewater.

No evidence has emerged that the Clintons did anything illegal or improper. But like many

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vides for closer military cooperation between NATO and East European countries without giving them concrete security guarantees.

But Mr. Clinton appeared to go further than the text of the Partnership when he was asked whether it was conceivable, given the lessons of World War II, that NATO would fail to come to the aid of an East European country if it were invaded or subject to military aggression.

Mr. Clinton replied that he thought it was "doubtful" that there would be no help. "I think your reading of our reading of history is right," he said.

But the president added that he did not believe any of the former Warsaw Pact members faced the threat of imminent attack.

"Of course, there are always concerns that in the future the darker past might be re-created," he said, adding that there could be "expansionism again."

Mr. Clinton told the leaders of Poland, Hungary, the Czech Republic and Slovakia — the so-called Visegrad Group — that the West has a major stake in the well-being of their nations.

"Let me be absolutely clear," he said. "The security of your state is important to the security of the United States."

He sought to minimize the fact that NATO stopped short of offering the four nations full membership, and he dismissed a question about whether the Partnership made the East European countries second-class citizens.

"The question is no longer whether NATO will take on new members, but when and how," the president said.

On fears among the former Soviet bloc states toward Russia, Mr. Clinton said, "I think the Russian position, the position of the present administration there, is that they will respect the territorial boundaries of their neighbors."

Though the four Visegrad countries had all reluctantly accepted the Partnership plan, Mr. Clinton came to ease lingering concerns. But even after he "sold" the idea to the leaders in separate one-on-one talks, they made clear that their long-term aim remained full NATO membership.

President Vaclav Havel of the Czech Republic said that the Partnership was not "a substitute for full NATO membership" but rather a "first step." He said his colleagues from Poland, Slovakia and Hungary had very similar attitudes on the issue.

The White House also issued a statement on Wednesday announcing a major expansion of Overseas Private Investment Corporation grants in Central and Eastern Europe.

The organization will accept proposals for privately managed investment funds in the region, and increase its per-project lending limit from \$50 million to \$200 million. (Reuters, AP)

## Paris and Beijing Reconcile, but Taiwan Will Get a Last Jet Shipment

By Roger Cohen

New York Times Service

PARIS — After a yearlong dispute over French sales of jet fighters to Taiwan, France and China said Wednesday they would restore friendly relations on the basis of a commitment from the conservative government of Prime Minister Edouard Balladur to ban any further arms sales to Taiwan.

With the Chinese economy booming, but French companies effectively excluded from bidding for contracts there since the decision in November 1992 to sell 60 Mirage jets to Taiwan, the announcement amounted to a potentially important development for France's recession-hit economy.

"In view of the concerns of the Chinese side, the French government has undertaken not to authorize any French enterprises to participate in the arming of Taiwan," a joint statement said.

It added that France "recognizes the government of the People's Republic of China as the sole legal government of China and Taiwan as an integral part of the Chinese territory."

This amounted to a restatement, apparently at Chinese insistence, of France's policy since it became the first Western country to recognize Communist China in 1964.

China has regarded Taiwan as a renegade province ever

since the Nationalists fled to the island after losing the 1949 civil war. Taiwan still claims to be the legitimate government of all China.

As part of the new agreement, which is to be bolstered by a visit to Beijing by Mr. Balladur in March, China said it would "welcome participation by French enterprises in competition on the Chinese market on an equal footing."

Taiwan condemned the French decision to ban future arms sales, expressing "deep regret" and saying security in the Asia-Pacific region would be weakened.

Following the sale of the Mirage 2000-5 jet fighters to Taiwan, which was valued at about \$3.8 billion, China

ordered France to close its consulate in the southern city of Guangzhou, the heart of one of the world's fastest growing regions, and banned French companies from a \$1 billion subway project there. French companies elsewhere in China also complained of being placed at a disadvantage.

With Europe still in recession and the Chinese economy growing at an annual rate of about 13 percent, the Chinese market is important to European firms — a fact underscored by the approximately \$4 billion in new contracts secured by Chancellor Helmut Kohl of Germany during a visit to China

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## Kiosk

### Giampi Is Poised To Quit in Italy

ROME (AP) — Deputies adjourned late Wednesday a parliamentary session devoted to a no-confidence motion in the government of Prime Minister Carlo Azeglio Ciampi, who said earlier in the day he was ready to submit his resignation whatever the outcome, but "not before the parliamentary debate is over."

The motion, which observers said was certain to be defeated, was debated amid growing signs that President Oscar Luigi Scalfaro was poised to dissolve Parliament.

### Soccer Player Knifed

STUTTGART, Germany (AP) — A woman stabbed a member of the Hamburg SV soccer team, Oliver Müller, on Wednesday as he was watching an indoor tournament here, the police said. His wounds were not reported to be life-threatening.

## African Franc Devaluation Sets Off Shopping Frenzy

Compiled by Our Staff Dispatches

ABIDJAN, Ivory Coast — Residents of West African cities took stores by storm Wednesday as prices began to soar after the devaluation of the CFA franc, a move with radical social implications for most of the countries concerned.

By the end of the morning, most basic products were no longer to be found on store shelves in Abidjan, capital of Ivory Coast, where prices had sometimes doubled and buyers expected worse to come.

In Niamey, capital of Niger, one of the 14 African countries to share the Communauté Financière Africaine franc currency, the Score supermarket was overwhelmed by shoppers despite its reputation as the most expensive in the country.

"People are crazy, they're even snatching up local products whose prices shouldn't go up," a merchant said.

Many stores remained closed, ostensibly to take inventory.

"No one wants to be the first to increase

prices," said a Lebanese trader selling electrical goods in Abidjan.

The 50 percent devaluation of the CFA franc was forced on reluctant African leaders on Tuesday at a meeting of national leaders in the Senegalese capital, Dakar, by France and the International Monetary Fund. The IMF considered the currency greatly overvalued and said the devaluation was vital to help pull the Africans out of a vicious recessionary spiral.

The African franc has been pegged at 50 to the French franc since 1948 and has been guaranteed by Paris. In cutting the CFA franc's value in half, to 100 to the French franc, France put pocketbook before pride.

But Michel Camdeboo, managing director of the International Monetary Fund, said, "This courageous step... will restore competitiveness and encourage growth."

Mr. Camdeboo said Wednesday said that up to 10 billion French francs (\$1.69 billion) in loans would be provided by the IMF to "facilitate

capital punishment in Texas and in other of the 36 states that allow it. The factory is being seen as a better way to pass time on the nation's death rows, which have become increasingly busy since the Supreme Court allowed the reinstatement of capital punishment in 1976.

Here, human beings judged incorrigibly beyond the entitlement to freedom and life busy themselves making some final goods for society. As the bobbins whirl, convicts seize the work within relaxed sight of their caged-off guard.

Life goes on and new work pants move smoothly through the skilled hands of the legally doomed 58-man work shift. In the setting of tall towers and razor-wire fences, the simple Quonset hut factory at the Ellis Unit of the Huntsville prison has a strangely upbeat air, as of some Brechtian production of "The Pajama Game."

The booming workplace, designed for and operated exclusively by a death row community, is the only such prison enterprise in the United States. It has a total of 115 workers, and places for 85 more are being planned.

The work here mundane ticks along in an almost poetic display of the assembly-line routine that is settling about

arrive at the end of the week, why, everybody's looking forward to the weekend! As if they were back in the free world."

But the garment workers are nowhere near free.

All arrive on death row by way of mutual convictions. There comes a moment of silence at the sewing machines the morning after an execution. But then work clatters back to life.

State officials say that the death row workers are the most productive in the prison's statewide system of assorted manufacturing ventures. Violent infractions and malingerers are rare.

"Some guys turn down the factory job, saying, 'Why should I be making clothes for the people who are going to kill me?'" said Todd Beathard, a 36-year-old condemned man who works at the garment line. "They're taking us hard and fast now with new laws to speed up the killing, and my mind wanders less at the sewing machine."

"It's weird," he added, "but when you hit Friday's shift, and

arrive at the end of the week, why, everybody's looking forward to the weekend! As if they were back in the free world."

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The factory, whose work force is voluntary and screened, is

See CONDEMNED, Page 3

## For Texas Death Row Inmates, There's Life on the Job

By Francis X. Clines

New York Times Service

HUNTSVILLE, Texas — The death row garment factory is humming at midday. Condemed murderers wield scissors and razor-sharp knives as they snip and finish piles of work pants at their sewing machines. A few chat at the coffee urn within relaxed sight of their caged-off guard.

Life goes on and new work pants move smoothly through the skilled hands of the legally doomed 58-man work shift.

## Swiss Put More Heat On France To Explain

Reuters

ZURICH — Switzerland stepped up diplomatic pressure on France on Wednesday to explain why it sent home two Iranians last month who were wanted in Switzerland for the murder of an Iranian dissident.

The government said in a statement that it had "charged the Foreign Ministry to request from the French government an explanation for its decision not to proceed with the planned extradition."

The two Iranians are wanted for the 1990 murder in Geneva of an Iranian dissident, Kazem Rajavi, brother of Massoud Rajavi, leader of Iran's Iraqi-based Mujahidin Khalq guerrilla movement.

Hours before the Swiss statement, the French interior minister, Charles Pasqua, bluntly rejected a U.S. request for clarification.

"I have no explanation to give the Americans," Mr. Pasqua said in a radio interview. He added, referring to President Bill Clinton, "I am not an employee of Mr. Clinton."

Countering U.S. criticism, Mr. Pasqua said Washington had rejected a French protest over the presence in the United States of an unidentified leader of Algeria's banned fundamentalist Islamic Salvation Front.

Mr. Pasqua repeated that France had acted out of national interest. "Some things cannot be said," he added. "In a few months, we shall see."

He again refused to elaborate, despite an opposition demand in parliament for an explanation.

The Swiss had sent France a sharp protest note at the end of December when it released the two Iranians, Moshe Sharif-Esfandi and Ahmed Taberi, from prison and sent them back to Iran.

Switzerland says the decision broke the European extradition ac-

## Balladur Climbs In French Survey

Reuters

PARIS — The popularity of Prime Minister Edouard Balladur has risen to 60 percent, although an even larger share of French voters are unhappy with his conservative government, according to a poll released on Wednesday.

The survey, to be published Thursday in the weekly picture magazine *Paris-Match*, said Mr. Balladur's popularity had risen four points, from 56 percent last month. But 62 percent of French voters were dissatisfied with Balladur's conservative government, down from 65 percent in December. The survey did not explain the contradiction between the sour feelings toward the government and the continued support for Mr. Balladur.

The popularity of the Socialist president, François Mitterrand, climbed five points, to 49 percent.

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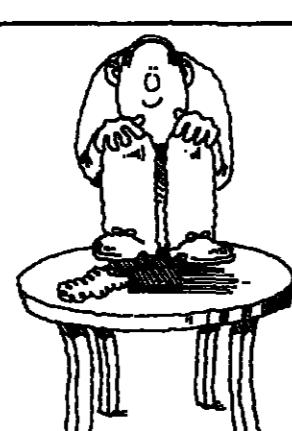
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OVERHEARD



When it's this easy calling home, it's tough getting Tom off the phone.

## Radio Pretoria's Outlaw Voice Challenges Change

By Bill Keller

New York Times Service

DONKERHOEK, South Africa — Surrounded by two trenches, a fence topped with loops of razor wire, a four-foot wall of sand bags and a few men with guns, Johannes van der Walt cued an Olivia John record and prepared to read the news.

As usual here at Radio Pretoria, it was news from a parallel South Africa.

In this news, whites still stand tall, the voices of authority are the Afrikaner People's Front and the neo-Nazi Afrikaner Resistance Movement, an independent white homeland is almost reality, Nelson Mandela is a Communist stooge and elections scheduled for April may or may not take place.

On Monday, after four months of waffling, the government refused to renew Radio Pretoria's temporary license, making its broadcasters outlaws and setting the stage for a showdown almost everyone prefers to avoid.

Operators of the station vowed to continue broadcasting illegally, gambling that

the government of President Frederik W. de Klerk would not dare send the police to storm a station that has become a symbol to many whites of their beleaguered culture and diminishing power.

"It would be a disaster politically," said Pieter La Roux, who supervises security at the radio compound, on a fortified prairie hilltop east of Pretoria.

Radio Pretoria has defied the government and remained on the air.

Although some of the station's more trigger-happy supporters speak with a sense of apocalyptic confrontation, the government seemed inclined to pass the issue to a new, independent broadcasting authority where the station's status could languish for months.

Broadcasting, which used to be a government monopoly, is in a state of flux. There are several hundred applications for licenses pending before the independent authority.

Since it went on the air Sept. 18, Radio Pretoria has extended its broadcasting day from 4 hours to 14, and has become a rallying point for those whites who are

unreconciled to the coming of majority rule.

From its high mast topped with the four-color flag of the 19th-century Afrikaner Republic of Transvaal, the station's FM signal reaches south to the white suburbs of Johannesburg and north into sparsely populated Afrikaner farm country.

On Radio Pretoria, the music is middle-of-the-road and the political outlook is right-of-the-pavement.

"I've heard 'White Christmas' on Radio Pretoria a number of times," said Chris Conradie, the station manager and one of a dozen founders. "I've never heard Michael Jackson. And never will. Not because of his color; because of his music."

Most of the broadcasters are former employees of South African Broadcasting Corp., which is regarded here as being part of the national stampede into decadence and communism.

Mr. Conradie says his listeners pine for the days when South Africa closed its doors on Sunday, gambling was forbidden, and censorship kept out such tempta-

tions as the new, heavily air-brushed South African edition of Playboy magazine.

"Everybody now is falling to pieces," he said. "We are trying to call people back to God, and then to make them proud to be Afrikaners again."

The station declares itself nonpartisan, but it has close ties to the Afrikaner People's Front, an alliance of rightist groups.

The outlaw broadcast, here is ardently Protestant, fiercely anti-communist, and ultranationalist.

No one knows how many whites listen to the station, but those who do seem to be avid.

A month ago, when word reached the hilltop that the state might be planning a raid, Mr. La Roux went on the air to summon support. Within a few hours, he said, a few thousand defenders, armed men with their families, had converged on the compound, planning to throw themselves before an assault that never came.

"This is by no means a fort, and we are not preparing for war," he said. "We realize that in a conventional attack, they could blast the tower to ribbons."

## UN to Study NATO Plan For Bosnia

Compiled by Our Staff From Dispatches

GENEVA — The United Nations secretary-general, Boutros Ghali, ordered a preliminary study on Wednesday of NATO's threat of air strikes against Bosnian Serbs to reopen the Tuzla airport and relieve trapped UN troops, a spokeswoman said.

Mr. Ghali has asked his special representative in the former Yugoslavia, Yasushi Akashi, to examine the feasibility of such air strikes and report to a high-level meeting of UN officials in Geneva on Monday, the spokeswoman added.

Leaders of the North Atlantic Treaty Organization asked the United Nations on Tuesday to draw up urgent plans to ensure that 300 Canadian peacekeepers could leave the eastern enclave of Srebrenica, besieged by Bosnian Serbs. They also asked for UN advice on opening the Tuzla airport for humanitarian relief purposes.

President Bill Clinton said the Western military alliance was considering using air power in both places.

The secretary-general has asked to undertake a preparatory study in response to the declaration of the heads of states and governments who participated in the NATO summit, the UN spokeswoman, Therese Gastaut, said in Geneva, where Mr. Boutros Ghali arrived on Wednesday.

She said Mr. Boutros Ghali would meet on Monday with Mr. Akashi and the UN mediator, Thorvald Stoltenberg, as well as Markat Goulding, UN undersecretary-general for political affairs, to discuss the UN feasibility study.

In Sarajevo, relief flights resumed Wednesday with officials lifting the latest suspension, forced by a rocket that hit the runway.

The Sarajevo airlift is absolutely necessary for the city," said a spokesman for the UN High Commissioner for Refugees. The spokesman, Kris Janowski, warned that agency warehouses in Sarajevo were empty.

Underlining the desperate supply situation, Sarajevo radio reported that food had run out at the city bakery. The UN refugee agency said 70 tons of flour were scheduled for arrival by air during the day on Wednesday.

The airport remained free of attack by afternoon. But fighting was reported in some other city sections, where no more than several hundred meters separate Bosnian Serb and Muslim-led government troops.

Bosnian radio reported shelling and small-arm fire in several western suburbs and said Serbian gunners ringing the city had concentrated on parts of the Old Town. There were no immediate reports of casualties.

Serbs and government troops also clashed on several eastern Bosnian fronts and fierce fighting was reported at Olovje, northeast of Sarajevo.

New fighting also was reported Wednesday in central Bosnia between Bosnian Croats and government troops, after fruitless negotiations between the presidents of Bosnia and Croatia on ending the warfare there.

Much of the government push in central Bosnia has been on Vitez, 50 kilometers (30 miles) northwest of Sarajevo.

(Reuters, AP)

The Associated Press  
Belgrade residents forming a long line for a streetcar, as shortages of fuel and spare parts have forced cutbacks in public transportation.

## UN Chief and General Feud on Air Strikes

By Julia Preston

Washington Post Service

UNITED NATIONS. New York — Severe tensions have arisen between Secretary-General Boutros Ghali and the commander of UN forces in the Balkans, General Jean Cot of France, who has repeatedly ignored or challenged the authority of his civilian superiors at UN headquarters, according to diplomats here.

General Cot's defiance has left senior UN officials uncertain that they have full control of him, and it has significantly contributed to Mr.

Boutros Ghali's reluctance to authorize the North Atlantic Treaty Organization powers to launch air strikes in Bosnia, the diplomats said.

On Tuesday in Brussels, UN leaders issued a new threat to use power to support UN forces in delivering humanitarian aid in Bosnia.

According to Security Council resolutions, the final approval for the strikes must be given by Mr. Boutros Ghali. He has said he will base his decision on the advice of UN officials in Bosnia, including General Cot.

"I have received no request for the use of air power" from UN officials in Bosnia, Mr. Boutros Ghali said in Paris. "The day I receive such a request, and if I have the support of UN officials who believe it is urgent to use air power, I will be the first to back its use."

Up to now, however, the secretary-general has been hesitant to recommend strikes out of concern that lightly armed UN peacekeepers would face retaliation by more powerful Serbian forces.

Last week, Mr. Boutros Ghali dispatched a cable to General Cot, saying his actions were "inappropriate" and "incompatible" with his position. The message was de-

scribed by diplomats as by far the strongest reprimand ever sent to a UN commander.

The cable was prompted by General Cot's saying in a newspaper interview last week that he had repeatedly asked Mr. Boutros Ghali to delegate to him the authority to call in air strikes. General Cot said the secretary-general refused.

General Cot also told Yasushi Akashi, the top civilian UN official in the Balkans, that he would lobby governments with troops in Bosnia to press Mr. Boutros Ghali to change his mind. The general tried to open a channel of communications directly to the Security Council, circumventing the secretary-general, to press his case, diplomats said.

Mr. Boutros Ghali did not consider yielding his decision-making power, UN officials have said, because governments with troops on the ground, aid agencies and other UN civilians have to be consulted before the secretary-general can make a move that could thrust UN forces into a shooting war.

Eastern Europe to participate in the consultations.

Enlarging the Security Council was one of the most hotly debated issues at last year's UN General Assembly session, which set up a working group to report on the issue later this year.

Developing countries and many smaller industrial nations complained that the council's present composition was anachronistic. The five World War II victors — Britain, France, the United States, Russia and China — have permanent membership on the Council and a veto over its decisions.

But there was little agreement on how to alter Council membership, with some countries wanting to abolish permanent seats and others wanting to increase the number of permanent members.

The Council's prestige and au-

thority, meanwhile, has been damaged by its inability to end the fighting in Bosnia-Herzegovina.

The Clinton administration's abrupt decision to pull its forces out of Somalia and the United Nations' growing difficulty in finding money and troops for new peacekeeping operations.

During the 1992 election campaign that brought him to power, Bill Clinton said Germany and Japan should be given permanent Security Council seats in recognition of their economic strength.

Subsequently, Secretary of State Warren M. Christopher and Mrs. Albright have said that the administration stands by that view.

A senior Clinton administration official said the United States assumed that some way must be found to bring aboard the biggest developing countries by adding Third World seats.

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# THE AMERICAS / A MEASURE OF JUSTICE

## In Peru, a Case That Won't Stay Buried Provides Test of Civilian Power

By James Brooke

New York Times Service

LIMA — Hurrying before the light of dawn exposed their work at a Peruvian Army firing range, a group of hooded gunmen lined up nine students and a professor kidnapped hours earlier from dormitories at a teachers' college here. In the final minutes of that night 18 months ago, all 10 were shot in the head.

Returning two days later to study the site in daylight, the gunmen found a foot protruding from the desert sand and hastened to cover the traces of the killing, according to participants quoted in press accounts here.

Similarly, the killings on July 18, 1992, of the 10 people from La Cantuta University will not go away. Ten army officers and soldiers have been charged with kidnapping and killing the professor and students in the belief that they were responsible for car bombings carried out by the Shining Path guerrilla movement.

The army, however, is opposed to trying the accused men in open civilian court, and there is doubt that any found guilty would be punished harshly.

Today, the killings stand as a test case, of new civilian institutions that replaced

the courts and Congress closed by President Alberto Fujimori in April 1992.

The United States has warned that \$100 million in economic aid will not be disbursed unless those who carried out the Cantuta killings and other major abuses of human rights are punished.

"La Cantuta is shaping up to be the test case that will make or break aid to Peru," said Juan E. Mendez, executive director of Americas Watch, the New York-based human-rights organization.

U.S. concern about human-rights abuses in Peru is to be conveyed later this month, when Alexander P. Watson, assistant secretary of state for international affairs, and several American congressmen are due to come here in the highest level U.S. visit since Mr. Fujimori seized expanded powers.

Most U.S. aid was frozen after Mr. Fujimori's action, but Peru has recently campaigned to win the money back, arguing that the human-rights situation is improving. Last year, for example, the number of forced disappearances dropped to about 75, down from an average of 300 a year over the previous decade.

Despite the improvements, a satisfac-

tory resolution of the Cantuta case is regarded in Washington as an essential precondition for aid.

The army here thinks differently. Last April, the army commander in chief, General Nicolas de Barri Hermosa, thought he could silence an investigation by the Peruvian Congress by sending tanks rumbling through streets of Lima.

But in fits and starts, investigations junched on, fed by crusading magazine journalists, relatives of the students, opposition members of Congress, pressure from the United States and a dissident faction within the army.

In a major civilian challenge to army privilege, two generals and six officers under barracks arrest and are facing trials for the Cantuta killings. Two others who have been charged have not been detained.

In the last 12 years of army warfare against the Shining Path, 3,033 guerrilla suspects were detained and secretly killed by security forces, human-rights groups assert. In the same period, the army conducted two courts-martials for unjustified killings.

Although the suspects in the Cantuta case reportedly believed that they were

kidnapping members of a Shining Path bomb squad, guerrilla activities by those killed has never been proved.

"The soldiers think they are the masters of the world, that they can do whatever they want with poor people," said

**The soldiers think they are the masters of the world.**

**Rayda Condor Saez, whose oldest son was one of nine students killed in July 1992.**

Rayda Condor Saez, whose oldest son, Armando Amaro Condor, was one of the students killed. "When I went to the barracks, they laughed in my face and said that my son had probably run off with some woman. Until his keys were found, I always thought that I would find him alive."

A turning point came last summer when investigators sifting through human remains at a common grave found a

set of keys. The keys opened locks at Armando Amaro's school locker and at his mother's house in Lima. That grave, and another at the army firing range, were discovered after members of a dissident army faction called Sleeping Lion sent hand-drawn maps pinpointing two burial sites to Ricardo Uceda Pérez, editor of the Lima newsweekly *El*.

The government never responded to U.S. offers of free forensic analysis. Instead, officials shipped remains to Britain for identification through genetic mapping. Now the government contends it does not have the money to pay for these tests.

"From the moment these 10 people vanished, the government has done its best to keep the truth from public view," Americas Watch wrote in a report in September.

According to the report, witnesses, including the third-ranking general in the Peruvian Army, had been harassed, threatened and forced into exile. Several have been arrested. General Hermosa has refused to allow any of his subordinates to testify in civilian court or before congressional investigators. The attorney general's office dragged its feet, leav-

ing most investigative work to journalists. Police officials have branded investigative journalists as terrorists.

But with the keys, the maps and clothing identifications by relatives, a civilian prosecutor, Victor Cubas Villanueva, decided that he had enough evidence, and on Dec. 16 he charged 10 officers and soldiers with kidnapping and murder.

The tenacity of some Peruvians in pursuing the case is explained in part by the easing of a war psychosis that only a few months ago gripped the capital.

"Under the stress of the bombs, the population demanded that terrorism be wiped out at any price," Fernando Espinoza wrote recently in *Caretas* magazine, recalling the panic atmosphere caused by a Shining Path bombing campaign in the summer of 1992. "To kidnap and murder 10 university people from a study center where it was known that there was Shining Path activity only made a handful of people nervous."

But with much of the leadership of Shining Path in jail and with tension easing, Peruvians seem increasingly to favor curbing the army's "dirty war" tactics.

With newsmagazines publishing photographs of the ringleaders of an army death squad suspected of carrying out the Cantuta killings, the government has been forced to dismantle the 30-man unit, which was formed three years ago to combat Shining Path activity in Lima.

Named the Colina Group after an army war hero, the group is suspected of having carried out a string of other killings around Lima in the last two years, including the killing of 15 people attending a barbecue in central Lima and the disappearance of a left-wing radio journalist, Pedro Yauri Bustamante. The 15 were suspected of attending a Shining Path fund-raiser, but apparently were all innocent.

In a final attempt at damage control, the military is reportedly pressing the Supreme Court to rule later this month that the Cantuta case should be tried in a military court instead of a civilian one. In Peru, military court proceedings are closed to civilian observers.

"It's a test of how autonomous civilian power really is in Peru," said Enrique Bernales Ballesteros, a former congressman who runs a political research institute in Lima.

## The Business Lunch Goes on a Crash Diet

### Firms Tighten Their Belts As Tax Reduction Is Reduced

By Clifford J. Levy

New York Times Service

has more than 2,000 employees in New York.

"These meals do provide significant benefits, because often there is much more of an intimate environment," said Edward Meyer, Grey's chairman and chief executive. "But this is a business that spends too much of its life in restaurants."

Although he acknowledged that his more than three decades in advertising had been very kind to his palate, Mr. Meyer promised to set an example by staying in more and closely monitoring expense reports.

"There is a reformist zeal that takes place after new legislation comes in," he said. "For six months, many people will pursue a policy of trying to curb excess dining in excessively priced restaurants. But thereafter, the effect tends to wane a little. People go back to their bad ways. It's very much like dieting."

Jack Avrett, the chairman of Avrett, Free & Ginsberg, another large advertising agency, said he was also asking employees to be more frugal, just as he did when the deduction dropped from 100 percent to 80 percent in 1986. "In the old days, 20 years ago, it was just a rule of thumb that you went out to lunch with clients every day," he said. "But that doesn't happen anymore because the business pressures have been changing. There has been evolution. It's better this way. We get more work done."

But such views were not echoed on Wall Street, which has posted record profits in recent months. Executives at several major brokerage houses seemed almost taken aback when asked about expense policies, as if making cuts would be sacrilegious. And the new rules will certainly have little impact on the wealthy.

"I just left the Four Seasons, and having lunch there were Barry Diller, Ron Perlmutter, Henry Kissinger, Sandy Weill from Primerica, Joni Evans, and that was just today's group," said Jerry Della Femina, the longtime adman who is president of the Jerry Inc. agency and has opened two restaurants in recent years.

"It's not going to affect them," he said. "It's going to affect the insurance salesperson. It's going to affect the poor Hispanic dishwasher who works for a major restaurant."

But even Paul Kovi, a partner of the Four Seasons, said he feared the new rules would depress revenues. About 70 to 80 percent of the lunches at the Four Seasons are on expense accounts, Mr. Kovi said.

The National Restaurant Association said many of its 25,000 members were also responding by running promotions and reducing prices. The group estimated that the change would lead to a cut of more than 165,000 jobs nationally in the restaurant industry.



President Clinton standing in with a jazz combo at a club in Prague. His saxophone was a gift from the Czech president, Vaclav Havel.

## Clinton in Prague: A Major Production

By Douglas Jehl

New York Times Service

PRAGUE — The cast included Vaclav Havel, the playwright and Bill Clinton, the born political ham, and their stroll across the 14th-century Charles Bridge was more than just another moment of diplomatic theater.

Under orders from Mort Engelberg, the Hollywood producer in charge of planning Mr. Clinton's most important public moments, the Gothic span had been transformed into a stage with artists and souvenir sellers banished to make room for the actors.

Until Mr. Clinton's arrival, no vehicle had crossed the bridge since it was turned into a pedestrian walkway in 1958, local officials said, and neither German tanks in World War II nor Soviet tanks that came to suppress the liberalization movement of 1968 had dared to cross the much-loved medieval structure.

But the White House sacrificed that tradition to the twin gods of publicity and security. While the two leaders stayed on foot, they were preceded over the rough cobblestones by a truckload of photographers and trailed by Mr. Clinton's limousine with its District of Columbia plates.

The promenade on Tuesday night was intended as a symbol of renewed partnership between West and East, and as Mr. Clinton and Mr. Havel paused to admire some of the 30 statues on the bridge, and gazed at the Vltava

River and the capital's medieval spires, theirs seemed a powerful personal drama.

But that was not for any lack of planning, not least by Mr. Engelberg, who made a reputation first by producing "Smoky and the Bandit" and then Mr. Clinton's campaign buscapades.

Across the full length of the 300-yard-long bridge, each statue had been illuminated with two special spotlights. Duct tape was stuck on the paving blocks where the two leaders were to pose for photographs.

Before coming to Europe, Mr. Clinton told his aides that he was determined that his trip had an emotional cast, and that he was eager for human contact. Away from the bridge, Mr. Havel made sure that he got a good dose of that on Tuesday night, as the two drank beer and ate breaded veal in a historic pub.

They even wandered on for a taste of Prague's night life at the smoky Reduta jazz club, where the Czech president had invited several dozen of his artistically inclined friends, and where Mr. Clinton borrowed a saxophone to play two of his favorites, "Summertime" and "My Funny Valentine."

When a loud popping sound rang out in the street as Mr. Clinton was leaving the club, the president seemed only a little tense even when his Secret Service detail backed his limousine onto the sidewalk and pulled out a bulletproof vest in case he should need it. The White House said later that agents believed the noise had been a firecracker.

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The rest of the death row is confined in "lockdown" in their cells except for three hours a day.

The inmates make dozens of items — sheets, diapers, tote bags and prison guard uniforms — all sporting a TCI label for Texas Cor-

rectional Industries and Sold to other state agencies.

And though the inmates get none of the profits, they are accorded highly valued privileges, including larger cells, freedom to visit with nearby friends on death row after work and, most important, freedom from being manacled in the sight of their families in grim restruction cages on visiting days.

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### Away From Politics

A new prime number has been discovered by researchers using a supercomputer, but with 257,16 digits it might be hard for the average math whiz to roll off the tongue. A prime number can be divided only by itself or one to produce a whole number. Examples include 2, 3, 5, 7 and 11. The journal *Science* said the previous record was 227,832 digits.

A Swiss tourist said he had jumped into Biscayne Bay to escape robbers armed with a knife on a causeway near Miami. The tourist, Antonio Banchi, was struck with the knife's blunt side and suffered hypothermia.

A needle exchange program in San Francisco, illegal but operating with the tacit approval of police, is highly effective in reducing risky behavior among drug addicts and does not promote drug abuse, said a study published in the *Journal of the American Medical Association*.

Followers of David Koresh were "arming an army," said a prosecutor in an opening statement for the trial in San Antonio, Texas, of 11 cultists charged with murdering four federal agents in a gun battle. "David Koresh told these people his name was death," said the prosecutor, Ray John.

AFP, Reuters, AP, LAT

### CONDEMNED: For Texas Death Row Inmates, There's Life on the Job

Continued from Page 1

less tense for prison guards, too.

"It's been heating up front," Day 1," said the factory manager, Charles Duff, a prison worker. "We produce top-of-the-line goods."

Of the 573 men on death row at Huntsville, the turnover rate is increasing as more arrive and more are dispatched. The factory has a double shift of up to 120 workers. Fourteen inmates are scheduled for execution this month, including several whose jobs in the factory have already been snapped up by men on a long waiting list.

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# International Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## An Incomplete Summit

At the NATO summit, the United States responded to complaints that it was offering East Europeans too little an alliance role to stake, and broadened some of the possibilities. Much remains to be done — not least by new applicants — to move from the symbols of partnership to the concrete mutual obligations of membership. But as President Bill Clinton's current European grand tour takes him to Moscow, he can fairly argue that he has acted in principled support of democracy. The message may be misread by the Zhirinovsky element in Russian politics, but it should reassure the reformers Americans are betting on. Meanwhile, it should reassure Russians of all stripes, and not only Russians, that the United States is bent on diverting Ukraine's nuclear pursuit.

Too bad these achievements at the summit were not the sum of it. Unfortunately, the desired image of an alliance taking on new post-Cold War purpose was badly tarnished by the treatment of Bosnia. Yugoslavia represents NATO's dismal failure to cope with imminent violence and atrocity on its very doorstep. The Brussels meeting showed no improvement. The members were called upon anew to deliver on their August pledge, so many times ignored, to relieve sieges and open

— THE WASHINGTON POST.

## A Good Deal for Ukraine

In a victory for its nuclear diplomacy, the Clinton administration has persuaded Ukraine's leader to get rid of the nuclear arsenal he inherited from the Soviet Union. In agreeing to the deal, President Leonid Kravchuk recognized that Ukraine's nuclear legacy may be worth more converted into fuel than as arms. The chief concern now is that nationalists in the Ukrainian parliament might find a way to block the pact.

If instituted, the agreement would remove a threat from Ukrainian missiles still programmed to hit American targets, reduce the risk that the warheads will fall into reckless hands and keep tensions in the former Soviet Union from escalating to nuclear war.

The United States put together an offer that Ukraine should not refuse. In return for disarming, Ukraine will receive U.S. help in dismantling the arms, making its Chernobyl-type reactors safer and cleaning up its environment. The nuclear material extracted from warheads will be turned into fuel for power plants.

In an effort to satisfy the demands of Ukrainian nationalists, Russia will cancel a portion of Ukraine's debt as reimbursement for warheads already handed over for dismantling. It will refrain from economic coercion. And Russia, along with the United States and Britain, will guarantee Ukraine's borders.

The deal requires Ukraine to dismantle its entire nuclear arsenal — 1,240 nuclear warheads mounted on its SS-19 and SS-24 missiles and 564 more on cruise missiles carried on long-range bombers. The warheads are a wasting asset. Even though they sit on Ukrainian soil, they remain under Russian operational control. For Ukrainians to pick their electronic locks and gain control over them would take time. To retarget them by repro-

— THE NEW YORK TIMES.

## To Help This Small Planet

Ask many Americans about their ancestors and you will be told that their great-grandmother was one of seven children and their great-grandmother the fifth of nine. They themselves, however, will most likely be parents of two or three at most. Why? Because, like the residents of other industrialized countries, they know that smaller families mean bigger future — and are able to act on that knowledge.

Fortunately for them, and for an increasingly impoverished planet, much of the Third World has arrived at the same conclusion. As the demand for contraceptives rises, so the birth rate in countries like Thailand, Morocco and Bangladesh is dropping.

Government commitment to population control is one reason: foreign aid in the form of family planning programs is another; and the gradual realization of Marshall McLuhan's "global village" a third. The last is almost certainly what accounts for a much sharper drop in fertility rates in developing countries than the decline in Europe several generations back: when a newly educated populace saw that too many children added up to too many economic liabilities.

Conventional wisdom says that lower birth rates come only after living standards have

— THE NEW YORK TIMES.

## Other Comment

### The Battles of Kabul

Afghanistan is a landlocked country, but its strategic and geographical positions make its fate of interest to outsiders.

Some in the West appear to be afraid that a strong and stable Islamic regime in Kabul would generate a greater influx of guerrillas to help Muslims in Bosnia. In the East, Beijing is afraid that Kabul's triumph could inspire its own Muslims (in western China) to increase efforts to free themselves from Beijing. Russia, which has Islamic neighbors, has a similar concern that the mujahidin could

push them to set up radical Islamic regimes. India, which used to side with the Communist Kabul regime, is not happy with the mujahidin's training of Kashmir guerrillas. Iran would like to see a stronger Shiite Muslim position in Afghanistan, while Pakistan and Saudi Arabia would prefer a stronger Sunni Muslim position.

It is difficult to predict when today's battles and foremost casualties are the Afghan people. They have no recourse in the face of the political storms raging around them.

— The Jakarta Post.

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## No Matter How Deep the Hole . . .

By Charles Peters

WASHINGTON — When Danny Ferguson denied in an affidavit that President Bill Clinton had offered him and other Arkansas troopers federal jobs for covering up tricks that occurred when he was governor, most of us were relieved. This had been the most troubling element in the stories of sexual scandal in The American Spectator and the Los Angeles Times.

Since most people (myself included) did not believe that the remaining allegations about sexual misconduct, even if proved true, were enough to bring down the promising president, we were willing to forgive him. I hope Bill Clinton would not be so willing to forgive himself.

But I am very much afraid that he will see this episode as further evidence that however deep a hole he is in, he will manage to climb out.

A respected journalist once told me that he thought Mr. Clinton's deepest conviction was that he could always "get away with it." I am not that cynical, but I do worry that the White House's insensitivity to ethical issues is threatening the moral authority of the presidency. That can have the gravest of consequences.

December began with the announcement that two senior members of the White House staff, Roy Neal and Howard Peters, were leaving for lucrative jobs in the private sector. Those jobs would permit them to cash in on their connections in a way that the administration had once promised would not be tolerated. Yet they departed with the president's praise.

Then came the appointment of Bobby Ray Inman as secretary of defense, which made him the 27th Clinton appointee not to have paid Social Security taxes for domestic help. In his contempt for the law, Mr. Inman was doubtless the champion, since he failed to pay up for almost a year after the Zoe Baird and

Kimba Wood cases left no doubt about the law. Even Commerce Secretary Ron Brown had paid up by then.

But we should note that Mr. Brown's continued presence in the cabinet constitutes another reason to question the administration's probity. After all, he did not recall any meeting with a Vietnamese businessman said to have offered him a \$700,000 bribe to open up trade with Vietnam — until clear evidence of three such meetings emerged.

Bill and Hillary Clinton were cheap-skating on ethical thin ice when they used Vincent Foster to do their personal legal work on their Whitewater real estate investment and other matters while the public was paying him to work on the president's official business.

One cannot help fearing that the ice broke with Whitewater. The stage may have been set for a Whitewater scandal when the Clintons decided to have Mrs. Clinton practice with a major Little Rock law firm while her husband was governor. That exposed the Clintons to potential conflicts of interest.

Thus, when James McDougal, their Whitewater partner, said he authorized a \$2,000-a-month retainer to Mrs. Clinton for representing his Madison Germany Savings and Loan because he was "giving a friend's wife some work," it did not seem coincidental that the friend happened to be the governor, who could shield Mr. McDougal from undue state regulatory scrutiny.

Such embarrassments endanger presidential authority in several ways. One of the most important has been shown by the administration's difficulty in finding good people for government jobs. America needs a president with the stature to summon the ablest Americans to devote at least part of



their lives to public service; the more morally dubious the White House, the less attractive government seems.

There has long been a shortage of qualified people in government, a deprivation that is now especially severe among Democrats, who have been out of the White House for all but five of the last 25 years. It is a grave problem in a society that has too long undervalued public service.

Only during the New Deal and the New Frontier was there a major effort to bring the most talented citizens to Washington. The result is that far too many of the people experienced in government are mediocre. The most glaring deficiency of Al Gore's "Reinventing Government" report was its failure to recognize this quality problem.

According to the Volcker Commission on the Public Service, 90 percent of college honor students do not even consider a career in government.

The president also needs respect if he is to perform another essential but too often neglected function of his office: educating the people on important issues. Take health reform. The people are not going to accept Ira Magaziner's proposal unless the president educates them about it and the alternatives.

Developing the plan in secret was a disastrous mistake that can be remedied only by open discussion that emphasizes careful explanation of the choices rather than propaganda for the administration's proposal.

The value-added tax on consumption is an example of why such explanation is needed. Last spring the tax was rejected as a means of financing health reform because a poll showed that the public opposed it, according to Stanley Greenberg, the White House pollster. But no one had explained the pros and cons to the people, so they had no way of knowing that it might

protect jobs better than the payroll tax disguised as a "premium" that the administration advocates. Because it adds to the cost of employment, it is almost certain to discourage hiring.

Instead of recognizing this obligation to educate, often the Clintons seem not to want the public to learn about successful alternative health care plans like Canada's.

As for foreign policy, it would have been much better if Mr. Clinton had carefully explained the options and hazards in Bosnia, Somalia and Haiti and had given the public a chance to be heard before decisions were made.

Virtually every foreign policy decision in today's world will have potential consequences that the people

should know about. As a result, they may slam on the brakes. But when trouble arises, they may be more supportive and resolve if they feel that they have been consulted in advance.

Bill Clinton will not succeed in these important presidential roles unless he has the trust and esteem of the nation. And he will not maintain that respect if he continues to appear to be a man who thinks he can get away with it.

I hope he will confront his ethical weaknesses and learn to govern himself. Then we Americans will have faith in his ability to govern all of us.

The writer is editor of *The Washington Monthly*. He contributed this comment to *The New York Times*.

## LETTERS TO THE EDITOR

### Long Way From Watergate

The use of the "gate" suffix in the Whitewater development affair is an attempt to tar President Bill Clinton with the Nixon brush. The differences between the two are enormous.

Watergate involved the abuse of power by a sitting president, including such impeachable offenses as coaching witnesses in perjury and authorizing unlawful break-ins. The "evidence" against Richard Nixon was overwhelming.

"Whitewater" questions the role of the then-governor of Arkansas in a land development project with a man who headed a failing S&L association. There has been no charge of criminal activity on the part of Mr. Clinton, nor is there any evidence of any wrongdoing. Moreover, these self-righteous Republicans who are denouncing that all

papers involving the transaction be made public are the same people who opposed all investigations into the illegal sale of arms to Iran, the illegal delivery of arms to the Nicaraguan contras, and the Bank of Lavoro scam that enabled Iraq to finance its invasion of Kuwait with U.S. taxpayers' dollars.

AARON STERNFIELD:  
Morges, Switzerland

### Muslims and Bosnia

Regarding "Bosnia's Holocaust: The Church to Shame" (Opinion, Jan. 5) by Henry Siegman:

As a practicing Muslim I would like to thank Mr. Siegman for clearly pointing out the emptiness of ritualistic compassion expressed by Western religious institutions in the destruction of Bosnia.

Moreover, these self-righteous Republicans who are denouncing that all

effort is being made in some official Western circles to equate the raped with their aggressors.

But most urgently, and especially as a Muslim, I would like to express my deepest gratitude to the many Jewish groups and individuals that have spoken forcefully on this issue, and the many among them who have exposed themselves to danger by going to Sarajevo. Perhaps the end comes nearer for many Bosnians, this will all "mean little." Nevertheless, this "little" is far superior to what official Islamic institutions, governments and rulers have been willing to do. How many prominent Muslim personalities, let alone rulers, have gone to Sarajevo? A few? No, none!

Why should Muslim ruler and elites try to defend faraway Muslims? A European Islam is intuitively perceived by

many of them, and correctly so, as a potential ideological threat to their miserable tyrannies. It is no secret that in most Islamic countries the tragedy of Bosnia is a political embarrassment.

If we do not have the courage to defend the Bosnians, then at least we can do is to give them the means to defend themselves. Anything less, as Henry Siegman poignantly points out, is hypocrisy.

TAWFIQ IBRAHIM:  
Madrid

### Cultural Leadership

Regarding "Violence on Screen: Desiring What Disturbs Us" (Opinion, Dec. 15) by Mario Cuomo:

Governor Cuomo equates public media supervision with "faceless and unaccountable bureaucrats." But the Ger-

man Voluntary Film Self Control Board, a generally admirable arbiter of tastes, has been well-guided for years, not by bureaucrats but by the aristocracy of the country's arts, professions and clergy. If Americans cannot accept cultural leadership, then they will continue with anti-cultural leadership.

ROBERT WULIGER:  
Bangkok

### No Right of Racial Slander

Regarding the report "A Black Activist's Inflammatory Speech Leaves a Campus Sorely Divided" (Dec. 30):

I was horrified by the blatant display of racism on the campus of Kean College in New Jersey. It seems to me that the United States should make racial vilification a criminal offense, as it is in Australia. This will not remove racism's

underlying causes, but it will at least prevent disgraceful speeches like the one given at Kean by Khalid Abdul Mohammed of the Nation of Islam.

SIMON HAYES:  
Adelaide, Australia

### Grand at Whose Expense?

Regarding "Unappreciated Turkey" (Letters, Jan. 5) from Mehmet Ogutcu:

Mr. Ogutcu speaks of the dreams by some of a "Grand Armenia" which he says would be created at Turkey's expense. May I remind him that it was the Armenians' expense — as well as the Greeks', Syrians' and Kurds' — that "Grand Turkey" was created?

HAIK ARSLANIAN:  
Antwerp

The writer, a former editor in chief of the newsmagazine *Tempo*, is chairman of the Council of Founders of the Foundation for the Center for Human Rights Study, in Jakarta. He contributed this comment to the International Herald Tribune.

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# BUSINESS SECTION

International Herald Tribune, Thursday, January 13, 1994

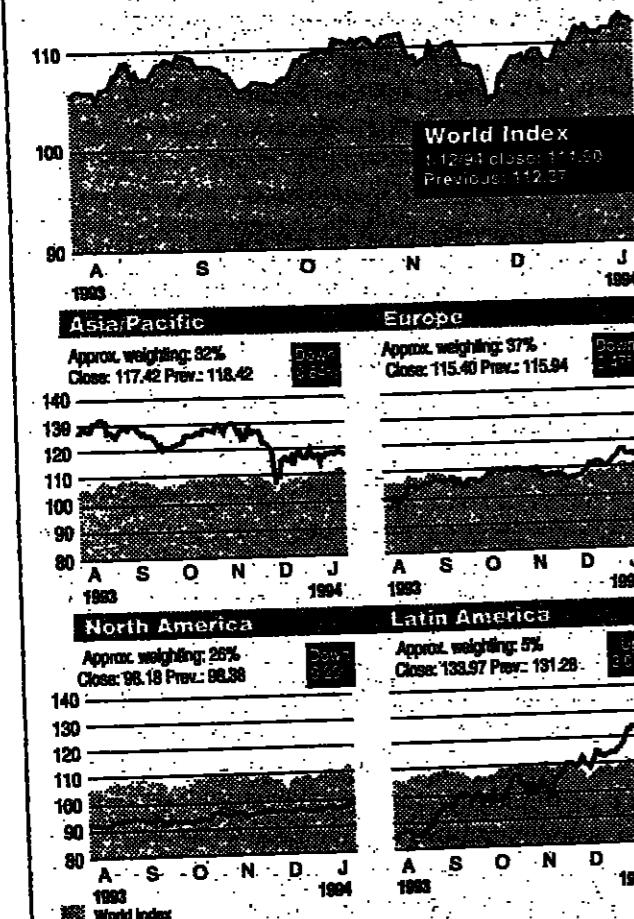
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## THE TRIB INDEX: 111.90

International Herald Tribune World Stock Index, composed of 200 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.

120



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Amsterdam, Australia, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, France, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization, otherwise the top 10 stocks are tracked.

Industrial Sectors		Wk. chg.	Prev. close	% change
Energy	112.24	112.24	112.24	0.00
Utilities	120.89	120.81	120.81	-0.07
Finance	113.94	114.02	114.02	-0.38
Services	118.83	119.43	119.43	-0.58

For more information about the index, a booklet is available free of charge. Write to TRIB Index, 161 Avenue Charles de Gaulle, 92227 Neuilly Cedex, France. © International Herald Tribune

## Malaysia Stocks Hit By Negara

### Credit Tightened By Central Bank

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Malaysia's stock and money markets were plunged into confusion Wednesday after the central bank took tough measures to drain liquidity from the banking system.

The ringgit plunged to a two-year low against the dollar, and stocks went into a free fall as over-

Tokyo gains, but other Asian stock markets plunge. Page 15.

sees funds pulled out profits they had made in a dizzying bull market that had begun to worry the government." The Kuala Lumpur stock market's composite index soared 90 percent in 1993.

The central bank, Bank Negara, said late Tuesday it was taking new measures that would effectively drain billions of dollars from the banking system.

It followed that up with changes Wednesday in the way it calculates banks' so-called eligible liabilities, measures that would require banks to put still more money aside as reserves.

The composite index, which fell 5.7 percent Tuesday after a government official warned that share prices were too high, plunged more than 6 percent, or a record 7.33 points.

In the currency market, the dollar was quoted as high as 2.74 ringgit at one point. It fell to 2.720 ringgit later but was still well above Tuesday's close of 2.6615.

Analysts, however, still said the Malaysian currency and the stock market were fundamentally strong because of the buoyant economy.

"Short term, it's bad news for the stock market," Chooong Khuan Hock, managing director of Barclays de Zoete Wedd (Malaysia), said of the central bank's moves this week.

"But in the medium term, bringing liquidity down will ensure that the bull run is more sustainable, because it was really getting out of hand."

(Reuters, Bloomberg)

By Edmund L. Andrews  
New York Times Service

## Ties That May Bind U.S. Gore Hits a Blow for Communications

By Edmund L. Andrews  
New York Times Service

WASHINGTON — Few subjects are closer to Vice President Al Gore's heart than the development of an advanced communications network for the country, but on this matter the administration has decided it is wiser to coax than to dictate.

In a speech in Los Angeles, Mr. Gore outlined a series of legislative initiatives aimed at promoting the construction of an advanced nationwide network that can link classrooms, electronic libraries, rural doctors and people at home.

But in terms of federal technology initiatives,

this is a far cry from the crash program in the 1960s

to put a man on the moon. The federal government

is too pressed to finance any of the new network

construction, which could total as much as \$400 billion over the next 20 years, and few experts

think the government should even try.

The cable television and telephone industries are already racing to lay thousands of miles of optical fiber and buying new computers to store and distribute everything from movies to electronic books.

The last thing the administration wants to do is spook investors with regulatory browbeating. Instead, the administration is hoping to influence events by reducing the regulatory barriers that have prevented competition between telephone and cable television companies.

The administration also wants to promote standards that allow different networks to communicate with each other and gently prod the industry's players to think about the broader public interest.

Thus, in his speech Tuesday, Mr. Gore "challenged" telephone and cable companies to link all classrooms, libraries and health clinics to an inter-

active video and data network by 2000. He did not suggest that government would force them to do it, or even propose how they should do it.

Likewise, while laying down the basic principles for a broad new regulatory regime that takes account of explosive changes in technology and the marketplace, Mr. Gore made it clear that many of the details would have to be worked out by the Federal Communications Commission.

Still, his effort is important for several reasons. More than at any time in the last 20 years, there is a consensus in private industry and in Congress that the time is ripe for a major revision of communications laws, some of which date back to the Communications Act of 1934.

The essence of that consensus is to relax barriers and permit much greater competition between the local telephone, cable and long-distance companies while protecting consumers as old regulations are abandoned in favor of marketplace competition.

The goals enunciated by the vice president dovetail with legislation drafted by top lawmakers in the House and the Senate. Indeed, the White House has taken scrupulous care to avoid upsetting delicate compromises that lawmakers on the House Energy and Commerce Committee have already worked out among different factions of the communications industry.

By putting its muscle behind this emerging consensus, specialists say, the White House greatly increases the chances that Congress will pass far-reaching changes that could unlock billions of dollars in investment and lay down rules of the road in an era of expanded communications.

## German Banks Face Off Over Metallgesellschaft

By Brandon Mitchener  
International Herald Tribune

FRANKFURT — Creditors and shareholders of Metallgesellschaft AG played brinkmanship over the founding German metals group Wednesday, missing a deadline to agree on a bailout and pushing the company one step closer to bankruptcy.

Deutsche Bank AG, the largest shareholder in Metallgesellschaft as well as coordinator of the rescue program, said: "If no agreement is reached soon, Metallgesellschaft will have to hand over its affairs to the courts." The company asked its 120 creditors to accept the rescue plan swiftly and "as a whole."

But Norddeutsche Landesbank Girozentrale in Hannover, a large German bank that is one of Metallgesellschaft's top five creditors, repeated on Wednesday that it would not support the rescue plan unless "Deutsche Bank bails first."

In rejecting the plan, NordLB proposed an equity write-down, which would dilute the influence of Deutsche Bank. Dresdner Bank

and other large institutional shareholders, effectively punishing them for any part they might have played.

Deutsche Bank and Dresdner Bank, which were already heavily exposed to Metallgesellschaft's losses, have extended their credit lines by another 750 million DM each, but NordLB has argued that they should shoulder an even bigger burden because of their involvement in the company's affairs.

Metallgesellschaft shares fell 10 Deutsche marks, to 226 DM, on the Frankfurt Stock Exchange on Wednesday.

"I think we need more time to coordinate the 100-plus creditors," Deutsche Bank Chairman Hilmar Kopf said to Reuters in Berlin. [Barclays PLC said Wednesday that it was "supportive in principle" of the restructuring plan proposed by Metallgesellschaft AG. AFP-Exel News reported from London. "We have made a constructive response to Deutsche Bank in this connection," a Barclays spokesman said.]

Metallgesellschaft has said that key shareholders such as Allianz AG Holding, Daimler-Benz AG and the Kuwait Investment Office have indicated that their agreement to the plan was dependent on acceptance by the banks.

Weighing each institution's answer would probably delay an announcement until late Thursday or Friday, sources said. Some expected NordLB to back down and agree to the accord.

The metals giant has said it would begin bankruptcy proceedings immediately if its creditors turned down the rescue proposals.

Deutsche Bank warned Wednesday that the cost of letting Metallgesellschaft fail would undoubtedly exceed the cost of a rescue for shareholders and creditors alike.

"Self-interest dictates the need for an agreement," it said. Creditors could only expect to receive 40 to 50 percent of their 5 billion DM in loans to the company if it declared insolvency.

## Alcatel Expected to Control Framatome

By Jacques Neher

International Herald Tribune

PARIS — Framatome SA, the French state-controlled builder of nuclear power plants, will enter the private sector, the Industry Ministry said Wednesday, and Alcatel Alsthom SA appeared likely to become its new owner.

Gérard Longuet, the industry minister, said Framatome would be sold in an off-market transaction, rather than in a public stock offering, because the company was not well known enough to spark wide investor interest.

He said that he had asked the Privatization Commission to work up a valuation for the company's shares.

Analysts, however, said the decision to make Framatome an off-market privatization would facilitate transferring the state's shares to Alcatel Alsthom, which already owns 44.1 percent of Framatome and has long wanted to regain majority control it had obtained, and then lost, in 1990 in a showdown with the then-Socialist government.

"When the government says it wants to put Framatome into private hands, it means Alcatel Alsthom's hands," said Kevin Brau, analyst at Credit Suisse First Boston in London.

In an interview published in Les Echos on Wednesday, Pierre Suard, chairman of Alcatel Alsthom, said that the government was well aware of his interest in obtaining majority control and he thought that efforts were under way to carry out the privatization.

Aside from the stake held by Alcatel Alsthom, the state has indirect interests in Framatome through a 36 percent holding by CEA, the French Atomic Energy Agency; a 10 percent stake held by Électricité de France, the national electric utility; and 5 percent held by Crédit Lyonnais. An additional 3 percent is spread among Framatome's employees.

However, the future for Framatome is clouded by a frigid international market for nuclear power plants. The company is in a joint venture with Kraftwerk Union AG, the nuclear plant unit of Siemens AG, to design an advanced nuclear reactor for export markets, but there is not likely to be any demand in Western Europe for such plants in the foreseeable future, analysts say.

The proposal, if adopted, would shift the onus for signaling suspected illegal activity to banks and other financial institutions.

Under Switzerland's current bank-secrecy law, banks are not required to disclose information on clients and transactions if they suspect illegal activity, unless asked to do so by authorities.

"The bank-secrecy law should not protect criminals," said Mr. Stich, who until recently was finance minister, at a press conference. "Switzerland's reputation is after all based on the fact that we are a solid financial center where you can't just do anything."

The proposal was a marked improvement over the current law because it made not only banks but every member of the financial sector responsible for reporting suspect activity.

The law would affect investment-management firms, insurance companies, the Swiss postal service and individuals such as fiduciary trustees, lawyers and auditors who undertake cash or credit transactions.

The town of Kourou is the location of a high-tech launching site built by a team of European nations for rockets that are inexpensive to build and launch. The European Space Agency's Ariane rockets — like Russia's Proton rockets, launched from Kazakhstan, and China's Long Marches, lofted from the Gobi Desert — are so cheap that they can't compete.

The industry is "on its way to being destroyed" if the U.S. government doesn't help, Norman R. Augustine, chairman of Martin Marietta Corp., told analysts last year. "You'll see people laid off by the thousands."

The bankruptcy fees in the Macy case, while not the largest ever, are a stunning

Company sources suggested that 5 percent of the 7 percent required to give Alcatel Alsthom majority control would most likely be surrendered by Credit Lyonnais, which is trying to focus on core banking activities and return to profitability. Analysts suggest that the 7 percent stake could be valued at 1.5 billion francs.

Framatome had sales in 1993 of 16 billion francs and net profits of 900 million francs. Sales are expected to boom in 1994 as high as 20 billion francs, as two reactors built at Daya Bay in China, and now operational, are to be built.

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## Swiss Set To Toughen Money Law

Bloomberg Business News

BERN — Switzerland proposed measures Wednesday to toughen money-laundering laws, a step President Otto Stich called necessary to preserve the country's reputation as a "solid financial center."

The proposal, if adopted, would shift the onus for signaling suspected illegal activity to banks and other financial institutions.

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But as the economy improves and companies renegotiate their debts, the bankruptcy ban is coming to a close. Indeed, last year, 93 companies left bankruptcy while only 63 companies entered, according to Edward I. Altman, a New York University finance professor who studies distressed companies.

What is more, fewer of those filing are of spectacular size. Large companies with lots of layers of debt and equity are generally where the biggest killings are made since each faction wants its own representatives.

their living from bankruptcy-related work, according to Joel W. Lustig, the publisher of the National Directory of Corporate Distress Specialists.

That head count includes 12,500 lawyers, 2,000 turnaround managers, 700 accountants, and 650 finance specialists, and does not begin to cover the thousands of people ranging from auctioneers to collection agents who operate on the fringes or spend only part of their time tending troubled businesses or their creditors.

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"The U.S. has been building rockets like Ferraris, which are highly tuned, complicated and fragile," said a congressional official, "while the rest of the world builds rockets like trucks — rugged and economical."

Federal agencies

## MARKET DIARY

Profit-Takers Bite  
Into Dow for 2d Day

Compiled by Our Staff From Dispatches

**NEW YORK** — Blue-chip stock prices were eroded by mild profit-taking Wednesday as the market appeared to consolidate gains from the six-day bull run that ended earlier this week.

The Dow Jones industrial average, which retreated 15.20 points on Tuesday, closed off 1.68 points on Wednesday at 3,848.63. It had fallen by as much as 25 points in the course of the session.

In spite of the fall in the Dow, advances topped declines by a margin.

## N.Y. Stocks

gin of 12 to 11 on the New York Stock Exchange, indicating Wednesday's pullback might have represented little more than a continuation of Tuesday's shallow corrective action after the previous run, which included four consecutive record Dow closes.

Trude Lautner, vice president and chief market strategist at Wayne Grayson Capital Corp., called the market's continued retreat "a healthy consolidation."

"We're getting a bit ahead of ourselves, and I'd be very happy if we pulled back some more," she said. "Otherwise, we'll become too vulnerable."

Volume totaled 309.9 million shares on Wednesday, up from 304.61 million on Tuesday.

The market had been boosted ear-

ly in the session Wednesday by a bond rally following the announcement that producer prices had fallen by 0.1 percent in December. As a result, the bellwether 30-year Treasury bond, which edged up 5/32 Tuesday to yield 6.24 percent, surged 28/32, to 101 1/32. The issue's yield fell to 6.17 percent.

Semiconductor makers posted gains as the industry's book-to-bill ratio, a measure of demand, rose to 1.04 in December from 0.99 in November.

That means chip makers got \$104 of new orders for every \$100 of products shipped last month.

Intel rose 1% to 63¢. Motorola climbed 2% to 94¢. Texas Instruments rose 3% to 70¢. Micron Technology was up 1% to 54¢ and Microchip Technology rose 2% to 39¢.

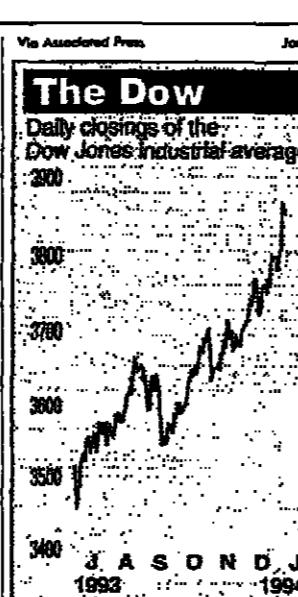
Alcatel Alsthom, the French telecommunications company, fell 2% to 26¢ after the company said it expected 1994 earnings to fall below 1993 profits, prompting analysts at CS First Boston and S.G. Warburg to pull their buy recommendations.

Bradley's rallied to rise 1% to 13 after a Merrill Lynch & Co. analyst repeated an "above average" rating, citing the stock's 5.2 percent dividend yield and prospects for an earnings recovery in 1994.

ChemTrak Inc. rose 1% to 7¢ after Ortho Pharmaceutical Corp., a unit of Johnson & Johnson, agreed to market ChemTrak's home cholesterol test.

(Knight-Ridder, U.P.I., Bloomberg)

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## NYSE Most Actives

Vol. High Low Last Chg.

Technet 42004 470 457 457 +2.25

AmTech 39719 311 295 300 +30

Wright 36228 130 125 125 +1.25

Marine 30331 219 210 210 +1.00

Merck 30721 188 184 184 +0.50

Wolmar 32625 225 225 225 +0.50

US Corp 24615 250 250 250 +1.00

Merck 27216 391 382 382 +1.00

Calicor 23278 355 355 355 +0.50

AT&T 22092 131 124 124 +0.50

Unisys 181.94 180.27 180.56 +0.35

\*Incl. in the sales hours.

Source: NYSE

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\*Incl. in the sales hours.

Source: NYSE

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## British Unemployment Falls Below 10%

Compiled by Our Staff From Dispatches

LONDON — British unemployment fell, a seasonally adjusted rate, which currently stand at 5.5 percent. The Treasury's monthly report on the economy on Wednesday said, recovery remained on course and retail sales looked strong.

Many economists say that Britain is on course to achieve the government's forecast of a 2.5 percent increase in gross domestic product this year, with growth gradually accelerating throughout the year.

Employment Secretary David Hunt said unemployment was on a firm downward trend. He contrasted the improvement in the British economy with the slump in Continental Europe. Britain, he said, was "the only country in the European Union" where unemployment was "on a firm downward trend," adding that Britain's more flexible labor market had made this possible.

The government maintains that unemployment has fallen because Britain refused to accept social aspects of the Maastricht Treaty on European Union and because it has abolished wages councils, which set minimum wages in low-pay sectors.

But the Treasury also cautioned that jobs were still being shed in the manufacturing sector. It said 7,000 manufacturing jobs had been lost in November. The rise of 91,000 jobs in the third quarter had been boosted by job creation in the service sector, it said.

Treasury Secretary Lloyd

Beatten of the United States is scheduled to cut the ribbon and formally open the new bank.

Miljenko Horvat, Citicorp's chief representative in Russia, said Citibank's unit will concentrate on corporate banking and, later, capital markets, targeting local banks. Russian companies and foreign multinationals companies as clients.

"We're going to be a full-service commercial bank," said Mr. Horvat. "People still can't get their money in and out of this country efficiently."

Citicorp, the largest U.S. bank, has no plans to open accounts for individual Russians, said Mr. Horvat. Its Russian operation will have an initial capitalization of \$15 million and the bank expects to do most of its business in rubles.

## Natwest Cuts 4,000 Jobs

Reuters

LONDON — National Westminster Bank PLC said on Wednesday that it would cut 4,000 jobs this year, the latest twist in a saga of reductions in Britain's banking industry.

NatWest, the second-largest employer among British banks, said that a total of 3,500 jobs were to go this year but that it would also create 1,600 new positions.

NatWest's announcement came two days after its rival Barclays PLC said it planned to cut staff by 3,000 more than its previous target of 21,000 in the five-year period from 1991 to 1995.

The Banking, Insurance and Finance Union said 100,000 jobs had been lost over the past four years in the banking sector.

NatWest said compulsory redundancies would be "minimal" and it aimed to make as many staff cuts as possible through voluntary means. The bank currently employs about 80,000 staff in Britain and another 10,000 overseas.

Analysts argue that efficiency in the financial services sector lags behind the manufacturing industry and that the only way to close the gap is through automation.

"There is a long-term rationalization process going on, similar to what happened to industrial companies in the early 1980s," said Rod Barrett, an analyst at Goldman, Sachs & Co. "If banks are going to compete in the market against building societies and insurance companies, they've got to become more efficient, which sadly means a reduction in staff numbers."

Deutsche Bank AG, roughly the size of NatWest and Barclays, maintains a worldwide staff of about 75,000. This compares with about 90,000 each for the two big British banks.

## It's Lost Ground for Olivetti Field Grows in Italy's Cellular-Phone War

Compiled by Our Staff From Dispatches

MILAN — Olivetti SpA faces a tough fight in its battle to win Italy's second cellular-phone license, now that two rival consortiums competing for the network have joined forces.

The state energy holding Ente Nazionale Idrocarburi SpA announced that it was dropping its bid and hooking up with Unitel, a venture grouping BellSouth Corp., Fiat SpA, Silvio Berlusconi's Fininvest SpA, and Vodafone Group PLC, among others.

ENI had been planning to bid with BellSouth, while Fiat and Fininvest were aligned with Vodafone, the creator of Britain's first cellular network. Now the two groups have merged to create a strong competitor for the perceived front-runner in the competition, the Omnitel group led by Olivetti. A third group, led by Pacific Telesis Corp., is also planning to bid.

Olivetti has a 51 percent stake in Omnitel, along with Bell Atlantic Corp., which controls 16.5 percent, and Lehman Brothers, which has 8 percent.

Olivetti had been seen as front-runner, but analysts say Unitel now poses a substantial threat. Yet

another consortium of smaller companies named Pronio Italia and another little-known group, Alital, are also thought likely to put themselves forward, but they are not given much chance.

"This isn't good news for Olivetti because it does beef up the Fiat consortium particularly in areas where people said they lacked technical expertise," said Ian Macleod, a Paris-based equity analyst for NatWest.

Bids for the network must reach the Post and Telecommunications Ministry by Saturday, with the winner to be identified in April or May.

"As far as software is concerned Olivetti and Bell Atlantic are the front-runners, but when it comes to hardware, Unitel is probably the best on paper," said Alberto Rolla, an analyst at the Milan brokerage Mills & Co.

Mr. Macleod estimated the license was worth \$3 billion to the winning group.

"As to who the winner may be, Mr. Rolla said: 'In theory, Unitel look to have an advantage as far as politics are concerned, with state company ENI now on their side.'

(Reuters, Bloomberg)

## CFA: Shopping Frenzy Is Set Off

Compiled from Page 1

tate the re-establishment of the competitiveness of these countries."

Also pledging cash to tide the 14 states over the shock, the French president, François Mitterrand, a Socialist, and Prime Minister Édouard Balladur, a conservative, said jointly, "These measures bear witness to France's firm and concrete commitment to the Franc Zone."

France will write off 25 billion French francs of the 80 billion owed to it in the Franc Zone.

Countries like the United States, which had made devaluation a condition of helping out, should now be prepared to step in.

France's overseas cooperation minister, Michel Rousin, has been touring West Africa to tell governments that Paris would reward sound economic management rather than the commitments to democracy the previous Socialist administration had emphasized. The currency devaluation increases in-

## BP to Close Ethylene Plant to Cut Capacity

Bloomberg Business News

MOSCOW — Nearly eight decades after Lenin nationalized its business in the Soviet Union, Citicorp on Friday will open the first fully foreign-owned commercial bank in Russia.

Treasury Secretary Lloyd Bentsen of the United States is scheduled to cut the ribbon and formally open the new bank.

Miljenko Horvat, Citicorp's chief representative in Russia, said Citibank's unit will concentrate on corporate banking and, later, capital markets, targeting local banks. Russian companies and foreign multinationals companies as clients.

"We're going to be a full-service commercial bank," said Mr. Horvat. "People still can't get their money in and out of this country efficiently."

Citicorp, the largest U.S. bank, has no plans to open accounts for individual Russians, said Mr. Horvat. Its Russian operation will have an initial capitalization of \$15 million and the bank expects to do most of its business in rubles.

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
2600	3500	2400
2500	3400	2300
2400	3300	2200
2300	3200	2100
2200	3100	2000
2100	3000	1900
2000	2900	1800
1900	2800	1700
1800	2700	1600
1700	2600	1500
1600	2500	1400
1500	2400	1300
1400	2300	1200
1300	2200	1100
1200	2100	1000
1100	2000	900
1000	1900	800
900	1800	700
800	1700	600
700	1600	500
600	1500	400
500	1400	300
400	1300	200
300	1200	100
200	1100	80
100	1000	60
0	900	50

Source: Reuters, AFP

International Herald Tribune

Wednesday Close Prev. % Change

Amsterdam AEX 416.35 424.01 +1.81

Brussels Stock Index 7,702.97 7,681.66 +0.28

Frankfurt DAX 2,209.18 2,228.75 -0.88

Helsinki HEX 843.51 848.04 +0.53

London Financial Times 30 2,574.49 2,606.70 -1.24

London FTSE 100 3,372.00 3,413.80 +0.99

Madrid General Index 331.87 331.58 +0.09

Milan MIB 970.00 965.00 +0.52

Paris CAC 40 2,281.90 2,331.33 -2.12

Stockholm Aktiesvärden 1,711.17 1,730.74 -1.13

Vienna Stock Index 501.18 499.77 +0.28

Zurich SBS 1,036.38 1,042.24 -0.66

International Herald Tribune

Western Germany's inflation was 4.2 percent in 1993, the highest rate since 1982, the Federal Statistics Office said.

• France's gross domestic product will grow 1.5 percent in 1994, after a fall of 1.2 percent in 1993, the French Observatory for Economic Forecasting said; it said the growth would not be enough to prevent unemployment, currently 12 percent, from rising.

• PSA Peugeot Citroën SA, Europe's third-largest automaker, is studying the possibility of re-entering the American market. Chairman Jacques Calvet said; the company and Fiat SpA also jointly unveiled their new van and an updated version of their commercial van.

• John Kemp-Welch was named chairman of London's stock exchange, to succeed Sir Andrew Hugh Smith, who has held the job since 1985, in July.

• PreussenElektra AG, an electricity unit of Veba AG, said its 1993 pretax profit was down slightly from \$90 million Deutsche marks (\$511.3 million) in the previous year; it did not disclose the actual figure.

• The company operates or has stakes in three ethylene plants in Britain, one in Germany and one in the south of France.

• The company will take the £200 million charge against its fourth-quarter results to cover restructuring of its European petrochemical operations, of which Baglan Bay is the major component.

• Shell-Mondelis Inquiry

The European Commission said it had opened an inquiry into a polyolefins joint venture between the Royal Dutch/Shell Group and Mondelis SpA. AFP-Exel re-ported from Brussels.

The joint venture would be directly controlled by Shell Petroleum NV and Mondelis Nederland NV, owner of the Dutch Mondelis polyolefin unit Montecatini Nederland BV, the commission said.

A Ford spokesman noted that the talks would coincide with Ford's increased representation on Mazda's board of directors. Mazda has said repeatedly that it was interested in a manufacturing base in Europe.

Separately, Ford said it may cancel a program to build an electric car, terming the effort financially wasteful until battery technology advances developed.

(Reuters, AFP, Bloomberg)

Ford and Mazda Weight — Scope Link

Compiled by Our Staff From Dispatches

DETROIT — Ford Motor Co. said it expected to begin discussions with Mazda Motor Corp. that could lead to production of a Mazda car in a Ford of Europe plant.

A Ford spokesman noted that the talks would coincide with Ford's increased representation on Mazda's board of directors. Mazda has said repeatedly that it was interested in a manufacturing base in Europe.

Separately, Ford said it may cancel a program to build an electric car, terming the effort financially wasteful until battery technology advances developed.

(Reuters, LAF)

## NASDAQ

Wednesday's Prices  
NASDAQ prices as of 4 p.m. New York time.  
This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High/Low Stock Div Yld PE EPS % Chg.

12 Month High/Low Stock Div Yld PE EPS % Chg.

12 Month High/Low Stock Div Yld PE EPS % Chg.

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**NYSE**

### **Wednesday's Closing**

- Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

# NYSE

**Wednesday's Closing**  
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des elsewhere. Via The Associated Press

**(Continued)**

**MULTIMEDIA: Is It Truly 'the Ground Floor of the Next Paramount?'**

Continued from Page 9  
ven the sputtering nature of the  
conomic recovery, which has late-  
seen American companies cut-  
ing an estimated 2,600 jobs each  
business day.

The flurry of corporate announcements and deal making in the multimedia business is drawing far more job seekers than can be accommodated, industry observers say.

### A recent information session on

new adult education program in multimedia studies at San Francisco State University, for example, was expected to attract an audience of "50, maybe 100" but instead drew more than 1,000, says the program director, Robert Bell.

The large corporations that have well-publicized interactive media departments, like Viacom Inc., the parent of MTV and other cable networks, are being inundated with resumes. Michele DiLorenzo, executive vice president of Viacom New

Meanwhile, many companies

Meanwhile, many companies that talk big have actually been approaching the market cautiously. HarperCollins Publishers Inc., for instance, estimates that within the next 10 years, half of its reference book business will be in electronic media, yet it has three staff members in its new media department and won't offer any new products until at least next autumn, and then a handful.

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Jan. 12, 1993

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# Asian Markets, Except Tokyo, Fall Sharply

Compiled by Our Staff From Dispatches

HONG KONG — Stock markets (not) a bearing across Asia on Wednesday, with Tokyo the only major exchange to post a gain.

Hong Kong's Hang Seng Index lost 3.97 percent; Singapore fell 3.74 percent; Kuala Lumpur dropped 6.43 percent; and Bangkok finished 7.31 percent lower. Tokyo was up 1.67 percent.

Late in the day, the Asia/Pacific component of the International Herald Tribune World Stock Index was at 177.30, down 0.95 percent.

The market declines, in a region that posted big gains during 1993, came after the Malaysian government warned this week that share

prices had risen too sharply and began trying to reduce liquidity.

But index-linked buying and purchases by foreigners pushed Tokyo up for the sixth day in a row.

The Nikkei index finished 308.63 points higher, at 18,793.88.

"Domestic institutions are still very keen to sell," Robert Owen of Schroder Securities said. "I think they're rubbing their hands with glee that foreigners are so keen on the market."

In Hong Kong, the Hang Seng index fell 443.10 points, closing at 10,712.70. It lost 211.10 points Tuesday. "Foreign institutions, mostly Japanese ones, are taking profits, but the selling isn't heavy, with people sidelined awaiting a test of 10,500," said Eddie Chu, a fund manager at Sunwa International Finance.

Bangkok's index suffered a record one-day point fall, sliding 117.30, to 1,487.76. "Today was a spectacular fall on no news," said Robert Ziegler, head of research at Jardine Fleming Thailand. "I think the Thai market is in for a minimum three months of hardship."

The Singapore stock market was down more than 6 percent at one point before recovering in late buying.

The Straits Times Industrial index ended down 87.89 points, at 2,260.31. "I expect the market to get solid support at 1,200," Margaret Woo, dealing director at Phillip Securities, said. "Overall, local fundamentals are still very good."

The Kuala Lumpur Stock Exchange composite index closed at 1,066.22, down 75.23. It had fallen 67.20 points Tuesday on a warning by a government adviser about the market's steep rise. "The warning signal has been there for a while, but people ignored it," Chung Tin Fah, research manager at O.S.K. & Partners, said.

Taiwan stocks fell for the third consecutive day on fears the country's central bank was trying to cool the surging market, analysts said.

The Taiwan Stock Exchange's weighted price index fell 25.18, to 6,215.21. (Reuters, Bloomberg, AFP)

SEOUL to Ease Rule on Buying Foreign Shares

Reuters

SEOUL — South Korea will allow its citizens to invest in foreign shares and will ease restrictions on manufacturing companies making rights issues, Finance Minister Hong Jai Hyung said Wednesday.

At present, only South Korean institutional investors can invest in foreign shares.

But individuals will be allowed to buy them directly from foreign sources sometime this year, Mr. Hong said. He did not specify the value of foreign shares that individual investors would be allowed to hold or provide other details.

The government also said any manufacturing companies reporting dividends and operating profit equal to at least 5 percent of paid-in capital could have one rights issue a year starting this year.

South Korea has tightly controlled rights issues to help support its market since 1990.

## Aiwa Turns Up the Audio Scouring the Low End of Electronics

By Andrew Pollack  
New York Times Service

TOKYO — Even in one of the hardest-hit sectors ofhardt Japan, it is possible for a company with the right strategy and a little luck to grow and prosper. That is the lesson provided by Aiwa Co., a manufacturer of audio equipment that has been a star performer among Japan's battered consumer electronics companies.

Its stock, traded on the Tokyo Stock Exchange, has outpaced the pack, doubling in price from a low of 950 yen (\$8.45 at the current exchange rate), in March, to its close of 1,940 yen Wednesday.

Aiwa has been in the right place with the right product at the right price. It specializes in low-priced products, which have become popular among Japan's recession-weary consumers. These products are also well-suited for sale in fast-growing developing regions such as East Asia and Latin America.

The company, based in Tokyo, was also ahead of most consumer electronics makers in shifting manufacturing to Southeast Asia. That allowed it to weather the appreciation last year of the yen.

Aiwa has focused on niches. It has surged from the middle of the pack to become the leading vendor of miniature component stereo systems

that are well suited for tiny Japanese apartments. "Aiwa has identified the problem correctly that they can't be everything to everybody," said Chuck Goto, an analyst with S.G. Warburg in Tokyo.

The result has been steadily rising revenue. The sales of the parent company are expected to reach 170 billion yen, or \$1.5 billion, in the year ending in March, up from 162 billion yen last year and 151 billion yen the year before. That contrasts with flat or declining sales at many other audio companies.

The company forecast that pretax unconsolidated profit for the current fiscal year will be 3 billion yen, roughly the same as last year. Hitoshi Kuroyanagi, an analyst with CS First Boston in Tokyo, said he expected earnings at about 5 billion yen.

If Aiwa is ahead of the pack now, he said, it is because "they got in trouble before the others." Aiwa began to lose money in 1986 after the 1985 Plaza Accord led to a sharp rise in the yen.

The company was also hurt because it had begun to expand into the video area by manufacturing Betamax video recorders for Sony Corp. Just as Sony prepared to pull the plug on that format,

Aiwa spokesman said the two companies otherwise operated fairly independently.

## Japan Plans Help With Bad Loans

Compiled by Our Staff From Dispatches

TOKYO — The economic stimulus package that the government will announce this month may include measures to help banks and nonbank financial institutions dispose of their huge volume of nonperforming loans, the Mainichi newspaper said Wednesday.

The measures will include relaxing rules on write-offs of delinquent loans, the paper said. Currently, banks must apply to the Finance Ministry for clearance to write off losses that might result from delinquent loans, the paper said.

The government plans to eliminate that requirement to help banks speed write-offs of bad debts, it said. The government also will propose a secondary market for banks' delinquent loans, the paper said.

To help nonbank financial institutions dispose of their delinquent loans, the government will propose establishing an entity that will take on all the nonperforming loans held by nonbanks, the paper said.

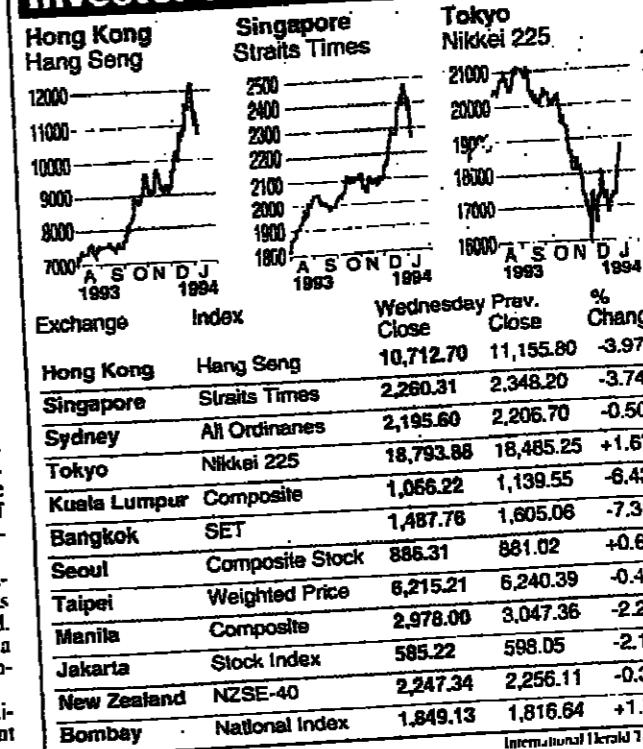
Japanese banks and other financial institutions became encumbered with large amounts of nonperforming loans as a result of their abundant lending to real estate buyers in the 1980s, followed by the decline in land prices in the 1990s.

Separately, Prime Minister Morihiro Hosokawa said Japan would do its best to meet American expectations of aggressive steps to reduce its current-account surplus.

Speaking to a business group, the prime minister said Japan would take deregulatory steps.

(Reuters, Bloomberg)

## Investor's Asia



Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• U.S. threats to cut China's textile quota by 25 percent to 35 percent could throw 300,000 Chinese out of work and cost one of Beijing's major export industries about \$1.2 billion, officials said.

• China Airlines, Taiwan's flag carrier, said it hoped to invest in China's newly opened aviation market and to cooperate with airlines in China in the areas of technology and training.

• Nissan Motor Co. said it would launch its new Sentra model in North America in the beginning of 1995 and that all of the models sold in that market would be produced locally.

• The Bombay Stock Exchange's president, Govindbhai Desai, submitted his resignation after the exchange's board said he had exceeded his powers while seeking information about brokers.

Reuter, Bloomberg

## China Offers Reassurance on Taxes

Compiled by Our Staff From Dispatches

BEIJING — China's tax chief sought Wednesday to assure foreign investors that they would be shielded from the broad tax changes recently imposed by Beijing for as long as three months of hardship.

The general secretary of the state tax administration, Jin Xin, said existing enterprises backed by foreign investors, as well as foreign investors whose tax burdens had

risen under the system enacted Jan. 1, could apply for refunds.

He said such refunds would be available for five years or until an enterprise's contract expires, whichever comes first. But no such refunds will be available to foreign-funded enterprises set up after Jan. 1, he said.

He contended the tax changes would end China's deficit within three years, forcing discipline on unprofitable state enterprises as it

brings the central government back to solvency.

Mr. Jin also said Beijing had no

plans to abolish preferential in-

come-tax rates for foreign investors in special economic zones, in

Shanghai's Pudong district, and in

other designated areas.

Separately, Morning Star Holdings Ltd. said it expected to report no profit this year.

(Reuters, Bloomberg)

## Honda Sees 1994 Rebound

Compiled by Our Staff From Dispatches

TOKYO — Honda Motor Co. said Wednesday it is expecting improved car sales this year, compared with 1993, and it will shift production away from Japan.

"Overseas output will increase as overseas units are becoming increasingly autonomous," said Nobuhiko Kawamoto, Honda's president. U.S. sales, including imports from Japan and Hondas built in America, are forecast to rise 10.3 percent, to 795,000 vehicles; European sales are expected to surge 15.8 percent, to 180,000 vehicles; and Japanese sales, including 28,000 imports, are expected to climb 5.3 percent to 610,000.

Exports are expected to plunge 15.7 percent, to 484,000 units, while overseas output rises 19.1 percent, to 805,000.

(Reuters, AFP)

## CALOR. ROWENTA. SEB. TEFAL PRELIMINARY CONSOLIDATED SALES

	1993 (FF millions)	1993/1992 (%)
France	2,970	+ 0.3
Germany	1,242	+ 4.4
Other European countries	2,479	- 7.8
Outside Europe	1,683	+ 17.0
Total	8,374	+ 1.1

Outside Europe, the North American continent (United States, Canada, Mexico), due to a sharp increase, now represents sales of over FF 1 billion. With constant parties, total sales would have risen by 2%.

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Herald Tribune.

## ALCATEL ALSTHOM

## 1994 outlook

Paris January 13th, 1994 -- In an interview with Les Echos published on January 12th, 1994, Pierre SUARD, chairman and CEO of Alcatel Alsthom, confirmed that the

sales for the 1993 financial year will show a slight decline as compared to the previous year and that profit after taxes will be at a similar level to that of 1992, in the order of FFr 7 billion.

Mr SUARD also indicated that for the current year, 1994, he expects another decrease in sales and also in earnings. Alcatel Alsthom said that the reduction in earnings would be between 10% and 20% in except if the economy revives during the year, which is not currently foreseen for the activities in which the group is involved.

Mr SUARD explained that "the reduction of sales in 1994 is mainly caused by a reduction of our telecommunications activities in our European domestic market".

— "It has been possible to compensate partially for the reduction in domestic European markets by the significant development of exports, particularly to Asia and especially China. In fact, Alcatel's European companies have increased their exports by 30% in 1993, and another rise of 20% is forecast for 1994".

— "Never sacrificing the long term for the short term, our efforts in R&D have already showed some significant results in the fields of broadband switching, synchronous transmission, and mobile communications".

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# SPORTS

## At L.A. Coliseum, the Unnecessary Roughness Is Mostly in the Stands

By Michael Wilbon

Washington Post Staff

LOS ANGELES — The armed security guard tossed me walking me from the door of the Memorial Coliseum to my rental car, parked about 100 yards from the press box. I pointed to the car and said it would be necessary.

"It was three hours after the Los Angeles Raiders-Denver Broncos played game ended

on Sunday night, and the guard insisted, even though it had been a busy enough day for the people hired to keep the peace. You know, arrests, breaking up fights, ejecting people from the Coliseum, rushing people to ambulances.

I told the guard I had seen some people carried out on stretchers. He said, "only two, I was sure it was three." Well, O.K., there was another guy, but he was laid out of those bleachers," the guard said. "You don't want to count that, do you?" The look on his face was one of

annoyance. That guy had not been shot or stabbed or beaten; he just fell out of the stands.

Whatever happened to those laid-back, bean-sprout-eating surfers known as California sports fans? They are not here at National Football League games, I promise you.

A Sunday afternoon at a Raider game is unlike an afternoon anywhere else. The people who think they're tough in Yankee Stadium would not even get out of their cars here. That condescending fool who buzzed the stadium has no idea how lucky he is that he didn't actually land in the Coliseum during Sunday's game.

As he beating he would have received. As the Raider veteran Howie Long said afterward, "If there's one stadium in America you don't want to dive into, this is it."

The paragide would probably have fared even worse than the guy wearing the John Elway jacket who stood up and strutted after

Denver's first pass completion, only to be smashed senseless before the next play.

Earlier, a Buffalo fan walked through the other infamous Lot 6 wearing a Bills jersey. It was promptly ripped from his body, soaked in lighter fluid and set afire. Officers from the L.A. Police Department made the assembled toughs take up a collection to pay for the jersey. It has also become a pregame ritual of sorts there in that same Lot 6, to rub the bullet lodged in the stomach of one Raider fan.

RFK Stadium in Washington has lawyers; the Coliseum has drug dealers. Giants Stadium has Blue Bloods; the Coliseum has Craps and Bloods. One player for the Raiders said he would like to see club officials institute a gun-for-fickets exchange.

The Raiders — with their colors of black and silver, the logo of a pirate with a patch over one eye and swords behind him, a team whose very

existence is wrapped in inundation, challenging authority and second chances — have always attracted those who color outside the lines. In Lot 6, a safe haven of sorts for people from various warring factions to declare a truce for eight Sunday afternoons a year, men play pregame football. Tackle, not touch. No pads. Sometimes barefoot, with broken glass everywhere. One Lot 6er told the Los Angeles Times that one of his favorite plays of the season occurred outside the stadium, where "a guy caught a pass and ran full speed into the grill of a Chevy." The talk here isn't about stock tips and politics; it's about having served hard time.

And to be should add, this isn't about race. It has to be the most racially and ethnically diverse crowd to gather at any stadium in this country, maybe the world. Diversity still can be frightening when, simply from the conversation going on in the stands, you can figure out

that a significant portion of those in attendance have been in jail or should have been. Hooligans would need lessons to learn how to look this tough. Some of the Raiders' players say their wives and children have never seen them in a game. Too dangerous, too much marijuana in the air, too many stretchers on stand-by.

High rollers? No Jack Nicholson, no Dyan Cannon here. Magic Johnson came to a game a couple of weeks ago. Stood on the Raiders' sideline. High rollers nowadays sit in sky-boxes, and the Coliseum doesn't have any. In fact, what is missing at the Coliseum is a moat, and politics; it's about having served hard time.

This isn't Washington or Denver or Chicago or even Pittsburgh, where those of means wait impatiently for the right to spend hundreds or thousands of dollars to secure a seat. The folks here, in most cases, are men and women who

don't know until Saturday if they will have the \$33 it costs to attend Sunday's game. And the parking is another \$15 to \$25, depending on how close you can get and whether you want your car to be there when you get back.

At the end of Sunday's game, a small army of policemen and privately hired security people encircled the closed end of the Coliseum. People screamed things at them you just cannot believe. Here and there you could see a parent and his or her children, a few people who looked as if they just as easily could have been touring a museum. But they were overwhelmed by tattoos and bare chests, by faces painted black and silver, by T-shirts that declared what fans of opposing teams might get done to them.

They poured happily into some of L.A.'s most unsavory and violent streets, many if not most of them to live a far sight tougher than any football game.

## Arrests Are Said To Be Imminent in Attack on Kerrigan

The Associated Press

PORTLAND, Oregon — Law enforcement sources said Wednesday that the FBI would announce arrests later in the day in relation to last week's attack on U.S. Olympic figure skater Nancy Kerrigan.

Dewey Blanton, a spokesman for Kerrigan, said that the skater's "kennel" was informed by the FBI of an impending development.

That followed a report by the Portland Oregonian newspaper that the FBI was investigating allegations that the husband of figure skater Tonya Harding and her bodyguard arranged Thursday's attack on Kerrigan.

According to what Saunders told Crowe about the tape, a man with connections to Harding had approached Saunders's acquaintance and asked him to arrange an "accident" that would knock Kerrigan out of the competition.

Crowe said Saunders's acquaintance became worried after receiving threats from the Arizona man because the man who allegedly hired the "hit" had failed to pay him.

Efforts to find Saunders early Wednesday were unsuccessful. There is no phone listing for a Eugene C. Saunders in the Portland area.

Bart Gori, spokesman for the FBI in Oregon, told The Oregonian that "the events surrounding that attack possibly involved a federal violation. I don't want to get into that."

Gori said Wednesday morning he expected further information would be released later in the day, but did not expect any developments that would prevent Harding from leaving Portland for a weekend competition in Virginia.

Saunders retained a lawyer and went to the authorities Monday afternoon. The Oregonian said, adding that, after questioning him, the FBI talked to Crowe on Tuesday.

Detroit police, and later FBI agents, questioned all skaters and coaches at the Olympic trials.

Harding and Gillooly talked to FBI agents in Detroit and checked in again with them Tuesday. Harding said.

Gillooly said he understood why the FBI had to investigate him.

"It's their job to follow up on this," Gillooly said. "Nobody likes being investigated by the FBI. But I understand their need to investigate."

U.S. Olympic speedskater Kristen Talbot, who donated bone marrow in an effort to save her brother's life, could resume training as early as the end of the week, said the doctor who performed the transplant in Baltimore.

• Paul Nedved can play for Canada at the Lillehammer Winter Olympics, the International Ice Hockey Federation ruled. Nedved defected to Canada as a teen-ager in 1989, but his international hockey rights remained in Czechoslovakia and were never transferred.

• Skier Heinzer is injured.

Former world champion Franz Heinzer suffered a concussion and facial cuts Wednesday in a training run on the daunting "Strelf" World Cup downhill course, Reuters reported from Kitzbuhel, Austria.

He lost control on the 40-meter Strelf jump on the upper part of the course while practicing for Saturday's downhill race. He was flown to a hospital by helicopter.

• A lack of snow at Adelboden forced organizers Wednesday to move Tuesday's men's World Cup giant slalom to another Swiss venue, Crans-Montana.

Kevin Reimer of the Milwaukee Brewers and Brian Tressler of the Los Angeles Dodgers' Triple-A farm club will play for the Fukuoka Daiei Hawks in the 1994 season, the Japanese team said Wednesday.

Outfielder Orlando Merce more than quadrupled his salary, agreeing to a one-year contract worth \$1,485,000 that means the Pittsburgh Pirates won't go to arbitration this year, having signed all their players.

Whitey Herzog resigned as general manager of the California Angels and was replaced by Bill Bavasi. Herzog will remain with the team as a consultant.

• Promoted Greg Robinson, defensive line coach, to defensive coordinator.

• L.A. RAIDERS — Fired Dewey Poole, receivers coach; Greg Venhert, defensive coordinator; George Canevas, secondary coach; Francis Peay, defensive line coach; and Jon Robertson, defensive line coach.

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## ART BUCHWALD

## All Hands Below Deck

WASHINGTON — The words that seem to be popping up all over Washington recently are "damage control." When discussing the president's difficulties with his investment in Whitewater, it is generally agreed that the problem is not the issue itself. The damage control is what's causing all the trouble.

Every president has highly trained damage-control teams that are expected to minimize any situation that could embarrass him.

As on a ship, the damage-control team is located below deck — in the boiler room of the White House. They are in touch with the top officers on deck who are steering the boat through the treacherous rocks of the scandal. When the alarm goes off, the damage-control team, wearing masks and oxygen tanks, do a survey to find out how bad things are.

Harris Block, a senior damage-control officer, speaks up to the bridge. "There is a small leak in the



Buchwald

boiler and there are Whitewater papers floating all around."

"Can you plug it?" the executive officer asks from topside.

"It's too late. The leak is spreading."

"What do you advise?"

"We could bring down some divers from the Justice Department to gather what there is and get it off the ship."

"Good idea. And then deep-six the files."

But the damage-control leader says, "Too many people know about the files, and if they are dumped it might appear that we are covering up and that could lead to a court-martial."

A White House official shouts, "Media ship off the port side. They request permission to board and question the captain on why the ship of state is in such treacherous waters."

Block says, "Don't let them come on board. Send over six damage-control officers to deny what happened."

Aye, aye, sir. Attention, media ship. All questions regarding damage to our vessel must be relayed to the Justice Department. They are the only ones who understand why we're taking on so much water."

A radio man speaks to the executive officer, "Sir, they want to appoint a special officer to examine all the papers involved with the accident and to recommend court-martial charges against those who may be responsible for Whitewater."

The officer responds, "That's out of the question. Send back word that we can investigate our own accidents. Our damage-control people are the best in the business."

"That may not fly, sir. We should come up with something else."

"Tell them we're willing to cooperate in any way possible, but they can't board the ship until next Tuesday."

"Why next Tuesday?"

"So that we can get the ship all cleaned up and not have any bulge hanging around."

"Steady as she goes."

"Hard right rudder."

Executive officer is helmsman.

"Remind me to send our damage-control team a well-done."

## Fouquet's Owner Is Fined \$6,300

*The Associated Press*

PARIS — A court fined a co-owner Fouquet's, 40,000 francs on Wednesday after inspectors found that the restaurant on the Champs-Elysées had stocked frozen "fresh" food and had roaches in the kitchen.

The co-owner, Maurice Mselatti, 73, said his accusers were "trying once again to attack one of the last bastions of French gastronomy on the Champs-Elysées." Although Fouquet's is seen as one of Paris's most prestigious restaurants, the Michelin guide gives it no stars. The fine amounted to \$6,300.

Fouquet's was also cited for buying "farm fresh" cheese from a local outlet. Because of illness, Mr. Mselatti's wife, who as co-owner faces similar charges, will not appear in court until March 23.

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